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No. 89-\_\_\_\_

IN THE  
Supreme Court of the United States  
OCTOBER TERM, 1989

SHAT-R-SHIELD, INC.,

*Petitioner,*

v.

TROJAN, INC.,

*Respondent.*

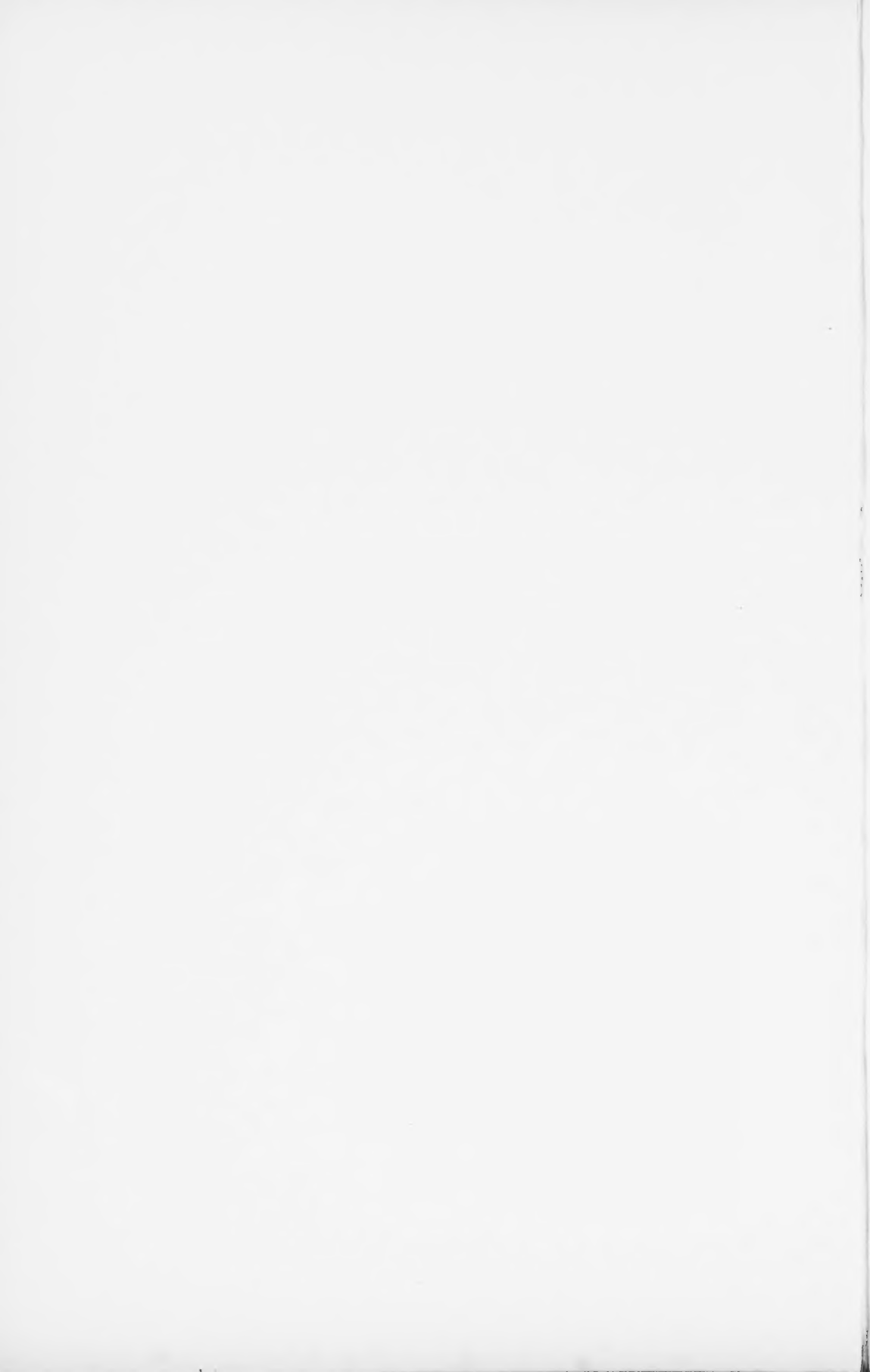
PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

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## QUESTIONS PRESENTED

1. Does it disserve the Patent Clause, Art. I, § 8, cl. 8 to read a non-useful "paper" patent broadly, and by that rule of construction, to take patent protection away from a useful, commercially successful invention.

2. Whether 35 U.S.C. § 282 relegates a trial judge to the role of patent examiner to hear "patentability" defenses, whose determinations are re-examined by a panel of supernumerary examiners.

3. Whether the power "to grant . . . such equitable and extraordinary relief as deemed proper" in § 133(a)(3) of the Federal Court Improvement Act gives a district court the authority to enjoin an infringer from bidding on government contracts.

**THE PARTIES  
AND RULE 29.1 LISTING**

Petitioner Shat-R-Shield, Inc., is a New Jersey corporation that had its manufacturing and business offices in Shrewbury, New Jersey. Petitioner held U.S. Patent No. 4,506,189 for safety-coated fluorescent lamps. Recently, petitioner moved its entire operation to Salisbury, North Carolina and was merged into SRS, Inc. (now Shat-R-Shield, Inc.), a North Carolina corporation. There are no other parent or subsidiary companies.

Respondent Trojan, Inc., is upon information and belief a Kentucky corporation. It is believed that respondent has divisions that include Hytron Electric Products and DIC Tool.



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**PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF  
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The petitioner, Shat-R-Shield, Inc., respectfully petitions for a writ of certiorari to review the judgments and opinions of the United States Court of Appeals for the Federal Circuit.

**OPINIONS BELOW**

The findings and conclusions made after trial in the District Court for the Eastern District of Kentucky are reported at 703 F. Supp. 609, and set forth in APPENDIX D, hereto. Petitioner's patent was held valid and infringed.

A separate post-trial application for injunctive relief under 28 U.S.C. § 1491(a)(3) was decided by the Dis-

trict Court in an unreported order that appears in APPENDIX C hereto. That post-trial order denying injunctive relief was affirmed in an opinion and judgment of the Court of Appeals for the Federal Circuit on September 12, 1989, which is reported at 885 F.2d 854, and these are APPENDIX B and APPENDIX I hereto.

The final judgment of the Federal Circuit, that reversed the trial court decision of validity and infringement, was rendered October 31, 1989 and this is APPENDIX H hereto. The opinion was not prepared for publication, however, it appears at 13 USPQ 2d 1732, and in APPENDIX A hereto. A timely petition for rehearing was denied by the panel on December 21, 1989, and a suggestion for rehearing *in banc* was declined by the Federal Circuit on January 4, 1990. These orders are APPENDIX G and F respectively.

### JURISDICTION

The judgment of the court of appeals was entered October 31, 1989. By Order dated December 21, 1989, a timely petition for rehearing was denied. (App. G). The jurisdiction of this Court derives from 28 U.S.C. § 1254(1).

### CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Patent Clause from Article I, Section 8 expresses the prerogative

To promote the Progress of Science and the useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries.

The pertinent portion of Section 282 of the Patent Act, Title 35, provides that in suits involving the validity of a patent

A patent shall be presumed valid

\* \* \*

The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity . . . on any ground specified in part II of this title as a condition for patentability . . .

The petitioner's post-trial motion for injunctive relief arose under Section 133(a)(3), of the Federal Courts Improvement Act, 28 U.S.C. § 1491(a)(3), which in pertinent part provides the power

To afford complete relief on any contract claim before the contract is awarded, the court shall have exclusive jurisdiction to grant . . . such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief.

In Appendix J these statutory sections are set forth fully.

## STATEMENT OF THE CASE

### A. Factual Background

The invention claimed in petitioner's patent is a safety-coated fluorescent lamp. Should the lamp break, the coating will contain the glass shards and the metal end caps "in association." This functionality obtains because petitioner successfully structured an integral coating that covers *both* the glass tube and a "pre-determined portion of the end caps." The prior art disclosed separate, non-integral safety sleeves that

were cumbersome, and fitted coverings that go over the glass but not the end caps.

**B. Proceedings and Disposition in the U.S. District Court.**

The District Court tried the case on infringement and validity. The order of proof was inverted at respondent's request in accordance with Markey, *On Simplifying Patent Trials*, 116 F.R.D. 369 (1987).<sup>1</sup> The defense to validity under 35 U.S.C. § 282 centered on the Evans patent, assigned to Westinghouse. Evans covered a glass envelope and glass bases of a fluorescent tube with shrinkable plastic, after which end caps were fitted over the shrinkable plastic and bases of the shielded glass tube. The District Court accepted uncontradicted testimony from Bushroe that Evans' covering "goes over the glass envelope . . . and not the end caps" (App. D, p. 33a, ln. 13 *et seq.*). This key aspect was distinguished from petitioner's invention where the "one piece" coating "would encase both the glass tubing and the two metal end caps." (App. D, p. 22a, ln. 33 *et seq.*). See 703 F. Supp. at 613 and 617. Furthermore, the uncontradicted testimony from Westinghouse's marketing manager was that Evans' idea was "never commercially sold" and was not useful. *Id.*

A dispositive legal issue was the breadth or scope to be accorded Evans' disclosure. The district court held that the Evans patent deserved only a narrow reading, because it "was not practical and could not be used successfully commercially." *Id.* Read narrowly, Evans' use of safety-shielded glass did not

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<sup>1</sup> The reverse-proof approach used in this case is criticized in R.M. Irani, *The New Skirmish in Patent Cases: Who Goes First at Trial and With What Evidence*, 17 AIPLA Quarterly Journal 364, 383 (Nov. 1989).



make it obvious to provide an integral coating that covers both the glass *and* the end caps to hold the entire unit in association.

The District Court ruled that respondent's invalidity defense under 35 U.S.C. § 282 had not been proved. The only testimonial proof from respondent was expert opinion, which was found to be not credible. (App. D and 703 F. Supp. at 616-17). The legal argument that the prior art "speaks for itself" was rejected. Petitioner's patent was held valid and infringed.

Based on the judgment of validity and infringement, the Court enjoined respondent from making, using or selling its infringing product. Nevertheless, respondent continued to solicit and bid on contracts with the United States to sell the infringing lamps. Petitioner made a post-judgment motion to enjoin such solicitation and bidding pursuant to the plain language of 28 U.S.C. § 1491(a)(3). The District Court denied this motion. It agreed that Petitioner was entitled to the relief requested, however it held that the plain authority in § 1491(a)(3) to grant injunctions was overriden in patent cases by 28 U.S.C. § 1498(a).

### **C. Proceedings in the Court of Appeals.**

The Federal Circuit reversed. It held as a matter of law that the non-useful Evans patent should be read broadly. Despite first hand evidence that Evans did not cover the end caps, the Federal Circuit held that Evans "teaches . . . covering the . . . end caps." (App. A, p. 4a). The Court of Appeals mandate of broadly interpreting the disclosure in a non-useful patent never addresses the conflicting decisions from this Court and the Second, Ninth and District of Columbia Circuits.

Further, the Federal Circuit engrafted upon 35 U.S.C. § 282 an "obligation" that the District Court examine the prior art unilaterally, without regard to the testimonial evidence. Imposing this obligation places the "burden of establishing invalidity" upon the trial court, rather than "on the party asserting such invalidity" as § 282 provides. This re-allocation of the responsibilities the Congress built into § 282 is the second issue here.

Finally, the Court of Appeals affirmed the denial of petitioner's motion for post-judgment injunctive relief against respondent's government bidding. It held that the "equitable power granted by section 1491(a)(3) has no applicability to patent infringement litigation." (App. B, and 885 F.2d at 856) and that as between the power to enjoin under § 1491(a)(3) and the power under 28 U.S.C. § 1498(a) to grant "entire compensation" for infringing sales to the United States, section 1498 "is paramount." *Id.*

## REASONS FOR GRANTING THE WRIT

### I. Decisions Of This Court And Three Circuit Courts Conflict With The Federal Circuit's Holding That Non-Useful Patents Be Construed Broadly

The Article I power to "promote" productive innovation is reserved for "useful" inventions. The purpose and the restraints of the Patent Clause "may not be ignored," and it is error "to enlarge the patent monopoly without regard to the . . . advancement or social benefit gained thereby." *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966).

Whether to read a non-useful prior art patent liberally or exactly is the point of law upon which

the Federal Circuit's reversal of the trial court turns. The Federal Circuit adopted a rule of liberal construction. In error, their rule unsecured patent protection for a "useful" invention by promoting the attributes of a non-useful "paper" patent that added nothing to the art or to commerce. To embroider upon what a non-useful patent discloses will serve only to "block off whole areas of scientific development, without compensating benefit to the public. *Brenner v. Manson*, 383 U.S. 519, 534 (1966). This disserves the Patent Clause.

Moreover, the Federal Circuit's rule of liberal construction is in conflict with decisions of this Court. The Court last addressed the interpretation of a "paper" patent in *The Barbed Wire Patent*, 143 U.S. 275 (1892). There the non-useful, patented "inventions of Hunt and Smith" which were shown "never to have gone into general use" could not be considered invalidating to a useful patent granted to the inventor "who has taken the final step which has turned a failure into a success." *Id.* at 283; accord, *Topliff v. Topliff*, 145 U.S. 156, 161 (1891). A rule of law that enlarges the breadth of a non-useful patent is a disincentive to an "advance in the useful arts, which can "lay a heavy tax on . . . industry" and create "apprehensions of concealed liens." *Atlantic Works v. Brady*, 107 U.S. 192 (1882).

The Court of Appeals decided as a rule of law that Evans' useless patent, that never went into production, should be broadly read to invalidate the useful, commercially successful invention made and sold by Petitioner. This Court should correct the legal standard due a paper patent so that it accords with the intent of the Patent Clause and with "the world of

commerce rather than the rules of philosophy" espoused by the Federal Circuit. *Brenner*, at 536.

No Federal Circuit decision has analyzed or articulated any rationale for a rule that enlarges the scope of non-useful patents. Their rule of liberal construction conflicts with reasoned decisions of the Second, Ninth and District of Columbia Circuits which discuss it, and which are consistent with *Barbed Wire*. A long line of Second Circuit cases states that a non-useful patent should be read narrowly. They hold, in keeping with the Patent Clause, that an "admitted success should not be destroyed by an admitted failure." *Cim-iotti Uphairing Co. v. American Unhairing Mach. Co.*, 115 Fed. Rep. 498, 502 (2d Cir. 1902); that an inoperative device "cannot defeat a later meritorious and successful invention." *Permutit Co. v. Harvey Laundry Co.*, 279 Fed. Rep. 713 (2d Cir. 1922); accord, *Thompson v. Westinghouse Elec. Co.*, 116 F.2d 422, 425 (2d Cir. 1940), and *Ling-Temco-Vought v. Kollsman Instrument Co.*, 372 F.2d 263, 267 (2d Cir. 1967). The District of Columbia Circuit held as a matter of law that a "patent for an invention which successfully accomplishes a useful result" is not invalid based on prior art that "was not operative, and failed to produce the result sought." *In re Coykendall*, 29 Fed. Rep. 2d 868, 870-71 (D.C. Cir. 1928). That Circuit recognized "the established rule" that if validity turns on whether a non-useful patent is read narrowly or broadly, that the court must "resolve the doubt in favor of" validity. *Id.* (cit. om.). The Ninth Circuit in *Lockwood v. Langendorf United Bakeries, Inc.*, 324 F.2d 82, 88, 139 USPQ 220 (9th Cir. 1963) allowed a paper patent only an exacting reading.

The Federal Circuit's erroneous statement of law

has consequences daily for patent practitioners that try cases and render opinions on validity. This important rule of patent law often is at the crux of a validity determination. The decision from *Barbed Wire* should be stated with reviewed vitality.

## II. The Statutory Allocation In 35 U.S.C. § 282 Of The Presumptions, Defenses And Burdens At Trial Are Unraveled In The Ruling Of The Federal Circuit

The Federal Circuit has dispensed with the "burden of proving . . . invalidity" using testimony, and ruled that a patent can be challenged with merely a stack of prior art patents for the trial judge to examine as a matter of law. Disputes about their scope or the content of the prior art are supplanted with the legal conclusion of the trial judge.

At trial, Trojan's challenge to the validity of petitioner's patent came solely in the testimony of King, a patent lawyer-cum-expert. This challenge was unsuccessful because the district court concluded that (i) King's testimony was not credible, (ii) the Evans reference was structurally different and non-useful, and (iii) the Thomas reference was cumulative of the VanLaar patent that the patent examiner had considered. In each of these respects, the district court respected the presumption of validity in 35 U.S.C. § 282, and concluded that it was not overcome. "It is the judiciary's duty to follow statutes that require a trial court lacking a conviction of obviousness to hold that the challenger's burden was not carried." *Panduit Corp. v. Denison Mfg. Co.*, 810 F.2d 1561, 1570 (Fed. Cir. 1987) *cert. den'd*, \_\_\_ U.S. \_\_\_, 107 S. Ct. 2187 (1987).

On appeal, the Federal Circuit reversed as a matter of law. It held that "the proper law" made the chal-

lenger's sole witness unnecessary to sustain the burden of proving its invalidity defense under § 282. The challenger's "burden" of overcoming the validity presumption was subsumed within "the district court[s] . . . obligation to determine" independently what "the prior art before it" says. (App. A). By so reading § 282, the Federal Circuit mandates that the trial judge "shall cause an examination to be made" of the prior art and the patent in suit, that is indistinguishable from the *ex parte* action in the Patent Office. 35 U.S.C. § 131. The burden of proof allocated in § 282 was reduced to a burden of merely going forward, and even that consists simply of offering copies of patents for *in camera* examination. The precepts of § 282, used in every patent case, were replaced with a do-it-yourself mandate upon trial judges. For the Court of Appeals to hold that testimony from the challenger on validity "is neither necessary . . . nor controlling" makes trials an undercard revue for the real decisionmaking, when the judge later discharges the "obligation" to examine the patents for their "legal" meaning.

The error in this approach is manifold: the trial judge now is aligned with the party challenging the patent and the statutory presumption of validity and accompanying burden are disregarded or negated. The Federal Circuit has conjured up a legal standard that flies in the face of 35 U.S.C. § 282; trials become truncated summary proceedings; trial courts are relegated to patent examiner. A trial on validity would consist of openings, the challenger handing a sheaf of patents to the judge, then closings followed by the judge in chambers examining the patents and ruling as a matter of law. The patent owner would present



nothing, because § 282 eliminates the need to prove that your patent is valid.

After relegating the trial judge to the role of patent examiner, the court of appeals elevates itself to super-examiners who re-examine the trial judge's conclusions, again as a matter of law. Trials, the testimony of inventors, the factual inquiries of *Graham v. Deere*, *supra*, and Rule 52(a), F.R. Civ.P. are out of the picture. A more direct and economical, but functionally identical, approach would be to have the Patent Office merely send the patents they issue and the prior art file directly to the Federal Circuit for super-examination as a matter of "the proper law." That direct approach, however, is improper because "the circuit court of appeals . . . is not in terms endowed with any original jurisdiction." *Whitney v. Dick*, 202 U.S. 132, 137 (1906); *Helsig v. U.S.*, 719 F.2d 1153, 1557-58 (Fed. Cir. 1983).

From their position as super examiners, the circuit panel decided, as a matter of law, that a plastic shield that covers "the glass envelope . . . and *not* the end caps" actually "teaches . . . covering the tube *and* end caps." *Compare*, 703 F. Supp. at 617 with APPENDIX A.

The validity presumption and the burden of proving invalidity which § 282 prescribes should not be weakened. "Courts are not, of course, at liberty to repeal a statute, or to legislate conditions diminishing its effect." *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1459 (Fed. Cir. 1984). An adversary trial on the proofs should be preferred over in chambers re-examinations cloaked as a pronouncement of law. The deference due a trial judge's determinations is "[t]o no type of case . . .

more appropriately applicable" than a patent validity dispute. *Graver Tank Mfg. Co. v. Linde Co.*, 336 U.S. 271, 274 (1948). Trials structured according to § 282, and reviewed under Rule 52(a) prevent "judicial patent decisions [that] are the adventures of judges' souls among inventions." *Picard v. United Aircraft Corp.*, 53 USPQ 564, 569 (J. Frank, concurring) (2d Cir. 1946). This restructuring of the rights allocated in § 282 has the broadest relevance to patent litigation. The writ should issue to correct the erroneous approach of the Federal Circuit.

### III. Injunctions Permitted In 28 U.S.C. § 1491(a)(3) Are Not Precluded In Patent Litigation

Every reason and every equity compel the conclusion that 28 U.S.C. § 1491(a)(3) gives the power to enjoin a proven infringer prospectively from soliciting sales to the United States of its infringing products. In enacting 28 U.S.C. § 1491(a)(3), Congress made a clear grant of injunctive power that could be invoked "to afford complete relief" to a patentholder to prevent sales of infringing items to the government, where the items are not essential to defense. The Federal Circuit refused the argument that the plain terms of 28 U.S.C. § 1491(a)(3) are a "clear indication that Congress affirmatively intended" to extend jurisdiction to enjoin an infringer and thereby give complete relief to a patentholder. *U.S. v. King*, 395 U.S. 1 (1969). The statute is a "specific and express statement of Congress" to give the power to issue an injunction against a proven infringer's bidding on government contracts. *Id.*

Shat-R-Shield met all of the prerequisites in 28 U.S.C. § 1491(a)(3) as articulated in *U.S. v. John C. Grimberg Co., Inc.*, 702 F.2d 1362, *en banc*, (Fed. Cir.



1983). Shat-R-Shield sought injunctive relief at the required time, and the safety-coated fluorescent lamp was not an item crucial to national defense. Bidding upon safety-coated fluorescent lamps was then open and no contract had been awarded. Shat-R-Shield had an implied "contract" claim. The relief for an infringing use by the United States flows from "an implied contract to pay a reasonable compensation for such usage." *U.S. v. Bethlehem Steel Co.*, 258 U.S. 321, 327 (1921). *See*, 28 U.S.C. § 1491(a)(1) ("jurisdiction to render judgment . . . upon any . . . implied contract with the United States . . ."). *National Forge Co. v. U.S.*, 779 F.2d 665, 668 (Fed. Cir. 1985) (J. Nies concurring).

The District Court found that Shat-R-Shield was entitled to an injunction against the infringer Trojan's continuing offers to the United States to sell its infringing lamps. However, the District Court felt that 28 U.S.C. § 1498, as interpreted in *W.L. Gore v. Garlock*, 842 F.2d 1275 (Fed. Cir. 1988) constrained it from enjoining Trojan's continued bidding on government contracts. (Appendix C). The Court of Appeals agreed.

An examination of 28 U.S.C. § 1498 finds no mention of injunctive relief, nor any reference to 28 U.S.C. § 1491(a)(3). Similarly, in reading *W.L. Gore v. Garlock*, *supra*, one finds that 28 U.S.C. § 1491(a)(3) is never mentioned there. Thus, new issues were presented. First, *Gore* and the court below treat injunctive relief against an infringer's bidding on government contracts as an issue of subject matter jurisdiction. The second issue is that the statute 28 U.S.C. § 1491(a)(3) plainly and expressly grants the

power to grant an injunction before a contract is awarded.

It is error to conclude that the power granted in 28 U.S.C. § 1491(a)(3) is exclusive to the United States Claims Court. Numerous cases, including *U.S. v. John C. Grimberg Co., Inc.*, *supra*, hold that the district courts and the United States Claims Court have "concurrent" jurisdiction to grant injunctive relief under 28 U.S.C. § 1491(a)(3). *See, Coco Brothers, Inc. v. Pierce*, 741 F.2d 675, 677-79 (3d Cir. 1984). This view is endorsed as well in *In re Smith & Wesson*, 757 F.2d 431 (1st Cir. 1985) and by the United States Claims Court in *National Steel & Ship Building Co. v. U.S.*, 8 Cl. Ct. 274, 275 (1985).

Other courts have held that the Claims Court and the District Court have concurrent jurisdiction to grant prospective, non-monetary injunctive relief. *See, Tennessee ex rel. Leech v. Dole*, 749 F.2d 331 (6th Cir. 1984), *cert. den'd*, 472 U.S. 1018 (1985) (the Claims Court does not have "exclusive" jurisdiction over an action for non-monetary relief that may involve a later claim for a money judgment); *Hahn v. U.S.*, 757 F.2d 581 (3d Cir. 1985). (A district court has jurisdiction over non-monetary claims where the injunctive relief has significant prospective effect or value apart from the monetary liability of the government).

The second issue is whether the power to grant injunctive relief under 28 U.S.C. § 1491(a)(3) is precluded in patent cases because the monetary remedy under 28 U.S.C. § 1498(a) is an "exclusive" remedy. The term "exclusive" is not used in subsection (a) of § 1498. By contrast, subsection (b) on copyrights and subsection (d) on plant patents expressly provide an

“exclusive remedy.” However, § 1498(a) speaks only of a patentholder’s “remedy” being “the recovery of his reasonable and entire compensation.”

Presumably, calling an inventor’s remedy under § 1498(a) “exclusive” is an anachronism that predates the enactment of 28 U.S.C. § 1491(a)(3). Before § 133 of the Federal Courts Improvement Act, the United States has consented only to be sued for “compensation.” *U.S. v. Testan*, 424 U.S. 391 (1976). The long-honored rule was that “unless expressly permitted by act of Congress, no injunction can be granted against the United States.” *Belknap v. Schild*, 161 U.S. 10, 17 (1896).

In 1982, Congress in enacting 28 U.S.C. § 1491(a)(3) provided for injunctions to afford “complete relief” and additional remedies. Since the passage of § 1491(a)(3), no justification exists for the remedy in § 1498(a) to be “exclusive” to the exclusion of other remedies. Rather, the § 1498(a) remedy was, prior to § 1491(a)(3), the “only remedy” available. *Zimmermann v. U.S.*, 422 F.2d 326, 328 (3d Cir. 1970). This additional power of § 1491(a)(3) should properly be used to provide more “complete relief” to a patentholder including whatever “relief as it deems proper.”

The District Court had primary jurisdiction. 28 U.S.C. § 1500. Shat-R-Shield’s post-trial motion was in a proper forum, and it was error to excise from § 1491(a)(3) patent cases and injunctions against pre-award solicitations of infringing items. Cases within the jurisdiction of § 1498(a) are those where a contract, which grants the “authorization and consent of the government,” has been awarded. 48 C.F.R. 27.201-2(a) and 2.227-1. Also, included are cases where such authorization or consent can be inferred from

the bid documents. *TVI Energy Corp. v. Milton C. Blane*, 806 F.2d 1057, 1 USPQ2d 1071, (Fed. Cir. 1986). In the present matter, only a bid solicitation had been issued to Shat-R-Shield and to Trojan. The contract had not been awarded. Nothing in the bid documents permits any inference of authorization or consent. Therefore, jurisdiction in the Claims Court under § 1498(a) was premature, since no contract had yet been awarded. *Heyer Prods. Co. v. U.S.*, 135 Ct.Cl. 63, 69 (1956). Preferably, complete relief should be obtainable in a single forum. In an older case involving government procurement of infringing items, the United States conceded that suits in both the district court and the Court of Claims were necessary "to obtain full recovery." *Corning Glass Works v. U.S.*, 220 Ct.Cl. 605, 606 (1979). This Court should hold here that 28 U.S.C. § 1491(a)(3) enables a district court to grant complete injunctive relief against infringement.

Providing a complete remedy and avoiding duplicative proceedings was one reason for the enactment of subsection (a)(2) of § 1491. In subsection (a)(2), the power to grant the equitable remedy of "restoration to office" and of the "correction of applicable records" was authorized. Before subsection (a)(2) was passed, discharged government personnel had to file a back pay suit in the Court of Claims and also a restoration suit in the District Court. Duplicative suits to obtain complete relief made no sense there, and make no sense here. A patentholder is entitled to "complete relief" enjoining all unauthorized acts of a proven infringer. 28 U.S.C. § 1491(a)(3) should enable a district court to enjoin an infringer from bidding on government contracts where "it deems proper."

The judicial power granted in § 1491(a)(3) to order any equitable relief "it deems proper" expressly includes injunctions. Congress gave trial judges the discretionary authority to shape equitable relief appropriate to the circumstances, which would include enjoining an infringer's bidding on procurement of non-essential items before a contract is awarded. The lower court erred in deciding that § 1491(a)(3) gives it no such power. Whether § 1491(a)(3) means what it says or something less is an important issue in thousands of government contracts, including those where infringing items are being offered for sale. Just recently, the scope of § 1491(a)(3) was examined in *TRW Environmental Safety Systems Inc. v. U.S.*, 18 Cl. Ct. 33 (Cl. Ct. 1989). Petitioner respectfully submits that its case is an appropriate vehicle to resolve the extent that § 1491(a)(3) changed the decisions in *U.S. v. King*, *supra* and *U.S. v. Testan*, *supra*. For these reasons the petition should be granted.

### CONCLUSION

The trial of this matter involved simple technology and unremarkable testimony. However, the treatment given this case in the Court of Appeals makes the issue important and of wide interest to the patent bar. To eliminate the materiality of testimony on validity and upon the content of the prior art and in its place substitute patent examination by judges is detrimental to the vitality of the patent system. Counsel constantly give opinions on validity, and a lack of stability in the rules of interpretation is destabilizing. The writ of certiorari should issue so that the rights created by Congress in § 282, and endowed by the Patent Clause are respected.

Respectfully submitted

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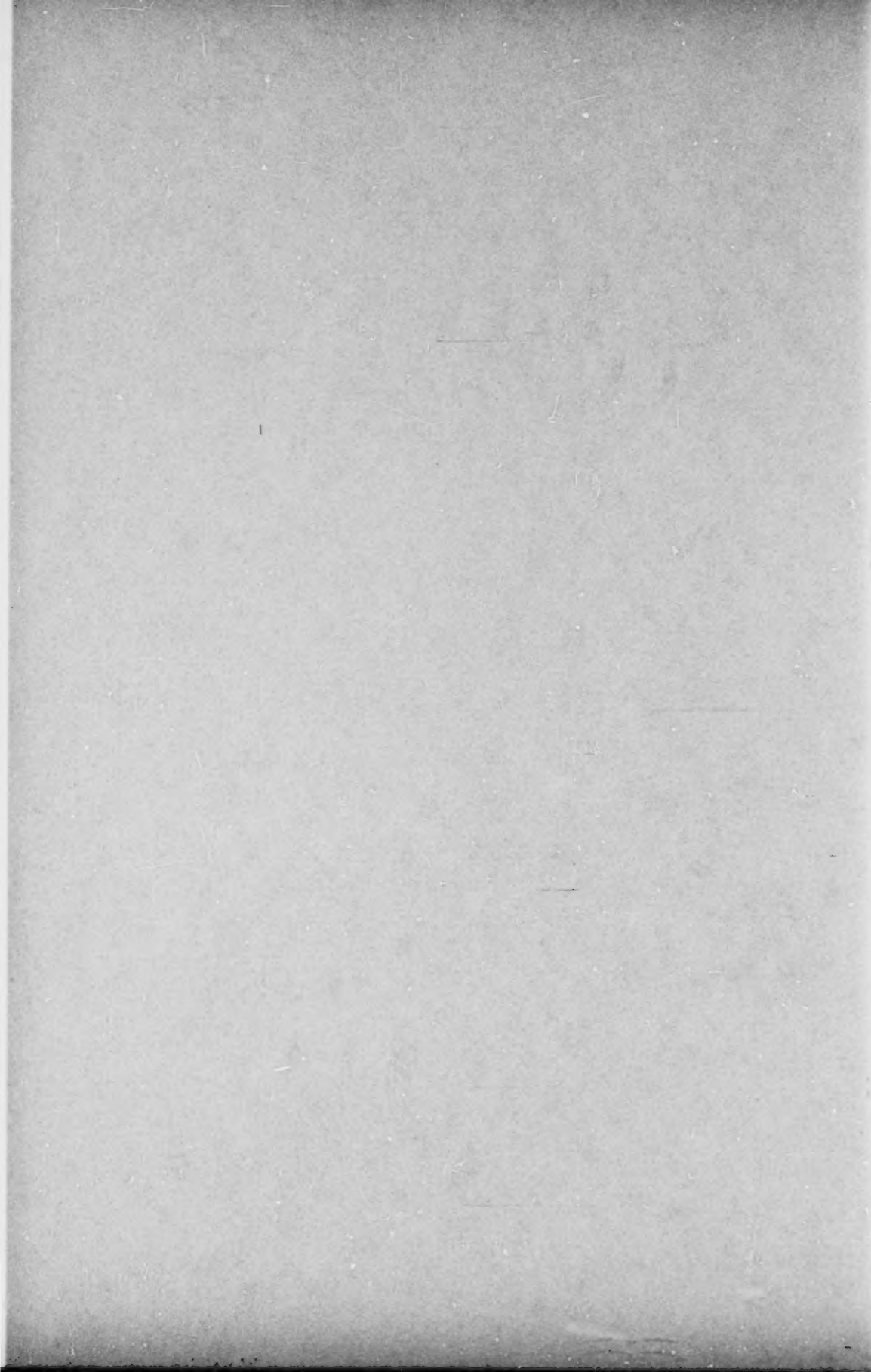
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## **APPENDIX**





## APPENDIX

A. Opinion Court of Appeals, <i>Trojan, Inc. v. Shat-R-Shield, Inc.</i> , 13 U.S.P.Q. 2d 1732 (Fed. Cir., Nos. 88-1528-29, 1989) .....	1a
B. Opinion, Court of Appeals, <i>Trojan, Inc. v. Shat-R-Shield, Inc.</i> , 885 F.2d 854, 12 U.S.P.Q. 2d 1132 (Fed. Cir., No. 89-1027, 1989) .....	5a
C. Order of District Court Denying Relief Under 28 U.S.C. 1491(a)(3) dated September 2, 1988 .....	15a
D. Opinion of District Court, <i>Trojan, Inc. v. Shat-R-Shield, Inc.</i> , 703 F.Supp. 609, 8 U.S.P.Q. 2d 1391 (E.D. Ky., Civ. No. 85-143, 1988) .....	17a
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APPENDIX A

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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88-1528, -1529

---

TROJAN, INC.,

*Plaintiff-Appellant,*

v.

SHAT-R-SHIELD, INC.,

*Defendant/Cross-Appellant.*

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

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DECIDED: October 31, 1989

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Before NIES, NEWMAN, and MICHEL, *Circuit Judges.*

NIES, *Circuit Judge.*

Trojan, Inc. appeals from the final judgment of the United States District Court for the Eastern District of Kentucky, *Trojan, Inc. v. Shat-R-Shield, Inc.*, 703 F. Supp. 609, 8 USPQ2d 1391 (E.D. Ky. 1988), holding the four claims of United States Patent No. 4,506,189 ('189) in suit valid, infringed and enforceable, and enjoining Trojan from further infringement but awarding no damages. Shat-R-Shield, Inc., (SRS) cross-appeals, requesting a remand for an accounting for damages. Because we *reverse* the court's

holding on validity, we need not reach the other issues raised in the appeal or cross-appeal.

### OPINION

The general subject matter of the invention is a fluorescent lamp on which a plastic coating is placed to retain shards of glass if the tube is broken. Applying the proper law to undisputed facts, we reverse the court's holding that the '189 patent claims were not proved invalid for obviousness within the meaning of 35 U.S.C. § 103 (1982). The district court erred in determining obviousness simply over the Van Laar patent. When considered with the teachings of the Evans and Thomas patents, the opposite conclusion is compelled. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1565, 1 USPQ2d 1593, 1595 (Fed. Cir. 1987)

Upon finding that Trojan's expert witness was not persuasive and credible,\* the court held that "[t]his finding of noncredibility alone would prohibit Trojan from meeting its burden of proof on its invalidity claim." *Trojan, Inc.*, 703 F. Supp. at 617, 8 USPQ2d at 1396. That ruling is erroneous as a matter of law. Opinion testimony on the legal conclusion of obviousness is neither necessary to prove one's case nor controlling. *Avia Group Int'l., Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1564, 7 USPQ2d 1548, 1554 (Fed. Cir. 1988). Rejection of such testimony here did not relieve the district court of its obligation to determine whether *each* of the inventions claimed, *i.e.*, each claim, would have been obvious to one of ordinary skill in the art from *all* of the teachings presented in the prior art before it.

The Evans patent, United States Patent No. 3,602,759, is directed to identical subject matter, *i.e.*, a protective

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\* We have reviewed this testimony and fail to understand the basis for the district court's castigation of the expert personally. Simply rejecting the evidence is sufficient.

plastic coating on a fluorescent lamp. The court first rejected Evans on the grounds that "the claims of the [Evan's] invention do not demonstrate that the [coating] process is done 'in situ.'" *Trojan, Inc.*, 703 F. Supp. at 617, 8 USPQ2d at 1396. Contrary to the court's understanding, a prior art patent must be considered for what it *teaches*, not merely for what it *claims*. See, e.g., *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1550, 220 USPQ 303, 311 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984). Also, it does not follow that because the sleeve of plastic disclosed in the Evans' patent is formed separately, *ipso facto*, no coating is "formed in situ." Indeed, the sleeve forms a coating with the application of heat once the sleeve is in place on the lamp. Finally, the district court failed to note that claim 1 of the '189 patent has no "in situ" limitation.

The court also erroneously discounted the Evans patent because it "was not practical and could not be used successfully commercially." *Id.* The relevance of a patent as prior art is not affected by whether the claimed invention was ever commercialized. *In re Blake*, 352 F.2d 309, 312, 147 USPQ 289, 291 (CCPA 1965) (patent statute does not require commercial use of subject matter of a prior-art disclosure for that disclosure to qualify as a reference); *cf. In re Deters*, 515 F.2d 1152, 1155, 185 USPQ 644, 647 (CCPA 1975) (that a reference is a "paper patent" is irrelevant to its value as evidence of level of skill in the art).

The court also erroneously ruled "that the Evans patent would not have issued if the [PTO] examiner had looked at the Thomas patent." *Trojan, Inc.*, 703 F. Supp. at 618, 8 USPQ2d at 1397. Notwithstanding that gratuitous assessment of invalidity by the court, the Evans patent remains pertinent prior art.

The court discounted Thomas, U.S. Patent No. 3,621,323, as cumulative to Van Laar. *Id.* We do not agree. Thomas

discloses a coating on an incandescent bulb, which, as Trojan points out, "filled the prior art gap between a one-time flashbulb [Van Laar] and a continuously illuminated lamp." Also, in the claimed invention, the coating on the lamp must surround the glass envelope and a "predetermined portion" of the end caps which prevents interference with an electrical connection. Thomas contains that teaching.

We conclude that the inventions of claims 1-4 of the '189 patent would have been obvious from the combined teachings of the references to one of ordinary skill in the art. See *Carella v. Starlight Archery*, 804 F.2d 135, 140, 231 USPQ 644, 647 (Fed. Cir. 1986). Evans teaches a protective coating on a fluorescent lamp by covering the tube and end caps with adherent polymeric material which prevents disbursement of glass shards. The only limitations which even arguably are not disclosed by the Evans patent *alone* are: coating a "predetermined portion" of the end caps, recited in all the claims; and "in situ," recited in claims 2-4. The district court gave "predetermined portion" the meaning of "determined in advance" and the phrase "formed in situ" the meaning of unformed before placement on the lamp. Given those meanings, teachings of both limitations can be found in Thomas; at least "in situ" in Van Laar; and Evans supplies the suggestion for use of a plastic protective coating on either a single or double ended fluorescent lamp for the same purpose. By rejecting Evans and Thomas as references, the district court had an improper foundation upon which to base its decision. Cf. *In re Merck & Co., Inc.*, 800 F.2d 1091, 1097, 231 USPQ 375, 380 (Fed. Cir. 1986) ("Non-obviousness cannot be established by attacking references individually").

APPENDIX B

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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89-1027

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TROJAN, INC.,

*Plaintiff-Appellee,*

v.

SHAT-R-SHIELD, INC.,

*Defendant-Appellant.*

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DECIDED: September 12, 1989

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Before NIES, NEWMAN, and MICHEL, *Circuit Judges.*  
NIES, *Circuit Judge.*

Shat-R-Shield, Inc. (SRS) moved for additional injunctive relief against Trojan, Inc., invoking 28 U.S.C. § 1491(a)(3) (1982), to preclude Trojan specifically from bidding on government contracts under which Trojan would supply lamps which have been held to infringe SRS's United States Patent No. 4,506,189 ('189). *See Trojan, Inc. v. Shat-R-Shield, Inc.*, 703 F. Supp. 609, 8 USPQ2d 1391 (E.D. Ky. 1988).<sup>1</sup> The district court denied SRS's motion. *Trojan, Inc. v. Shat-R-Shield, Inc.*, No. 85-143, slip op. (E.D. Ky. Sept. 2, 1988) (Suhrheinrich, J.). We affirm.

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<sup>1</sup> We vacate as improvidently granted the order of March 7, 1989, which consolidated Appeal No. 89-1027 with Appeals No. 88-1528 and 88-1529 (taken from the judgment on the merits). An order refusing to modify an injunction is immediately appealable under 28 U.S.C. § 1292 (1982) and ordinarily receives separate and priority treatment.

## I

The entirety of the district court's analysis refusing to enjoin Trojan from bidding on government contracts is as follows:

The motion for injunctive relief under 28 U.S.C. § 1491(a)(3) be and is hereby denied; however, the Court finds that Shat-R-Shield is entitled to the relief requested, but the Court is constrained to deny Shat-R-Shield's motion for an injunction against Trojan's bidding in view of the decision in *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 842 F.2d 1275 (Fed. Cir. 1988).

Slip op. at 2.

SRS urges that the district court correctly found that 28 U.S.C. § 1491(a)(3) entitled SRS to the relief requested but erred in holding that the decision of this court in *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 842 F.2d 1275, 6 USPQ2d 1277 (Fed. Cir. 1988), precluded such relief. We disagree on both points raised by SRS.

## II

## A. Section 1491(a)(3) Is Inapplicable

Section 1491(a) provides, in pertinent part:

**§ 1491. Claims against the United States generally; . . .**

(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded . . . upon any express or implied contract with the United States . . . .

. . . .

(3) To afford complete relief on any contract claim brought before the contract is awarded, the



court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising this jurisdiction, the court shall give due regard to the interests of national defense and national security.

SRS argues that section 1491(a)(3) permits a district court to grant "complete relief," including injunctive relief against an infringer's bidding activity, when the product at issue is not crucial to the national defense and relief is sought before a contract is awarded. We disagree. As an initial matter, section 1491 is limited by its terms to the United States Claims Court. That limitation is appropriate because a district court already had comparable authority before that section was enacted. *See, e.g., Wheelabrator Corp. v. Chafee*, 319 F. Supp. 87 (D.D.C. 1970), *rev'd on merits*, 455 F.2d 1306 (D.C. Cir. 1971); *A.G. Schoonmaker Co. v. Resor*, 319 F. Supp. 933 (D.D.C. 1970), *rev'd & remanded on merits*, 445 F.2d 726 (D.C. Cir. 1971). Moreover, neither court can exercise the type of injunctive power authorized by section 1491(a)(3) in patent infringement litigation. Whether in the Claims Court or a district court, the equitable power to grant an injunction as referenced in section 1491(a)(3) is applicable only in the context of a suit on a contract claim against the United States.

The phrase "on any contract claim" in section 1491(a)(3) "establishes and limits the types of cases within the court's jurisdiction in which the [remedial] power may be exercised." *United States v. John C. Grimberg Co.*, 702 F.2d 1362, 1365 (Fed. Cir. 1983). Subsection 1491(a)(3) gives the court the power to grant a particular remedy, such as equitable relief, only when the claim in suit is of a particular nature, i.e., a "contract claim," as distinguished from the other types of claims against the government listed in subsection 1491(a)(1). *Id.* at 1366 & n.6.

Moreover, the section limits the contract claim to one "brought before the contract is awarded." That ambiguous language becomes meaningful when it is understood that a bidder on a government contract has an implied contract with the government, assuring that the government will fairly and honestly consider its bid "before the [express] contract is awarded." *See id.* at 1368-69 n.11; *Keco Indus., Inc. v. United States*, 428 F.2d 1233 (Ct. Cl. 1970). SRS is not asserting breach of an implied contract to have an SRS bid fairly considered. SRS's claim is against Trojan, not the government.

Similarly, the relief SRS seeks is an injunction against Trojan, not the government. The legislative history for section 1491 makes clear, however, that Congress intended to confer jurisdiction on the Claims Court to award injunctive relief against the government in the preaward stage of the procurement process. Such authority was meant to prevent "arbitrary or capricious action by the contracting officials which would deny qualified firms the opportunity to compete fairly for the procurement award." S. Rep. No. 275, 97th Cong., 1st Sess. 23 (1981) (emphasis added), *reprinted in* 1982 U.S. Code Cong. & Admin. News 33; *see also John C. Grimberg Co.*, 702 F.2d at 1372. The district court's statement that SRS was entitled to the "relief requested" under section 1491(a)(3) was legal error, but harmless in view of its ultimate ruling.

In sum, the type of equitable power granted by section 1491(a)(3) has no applicability to patent infringement litigation.

## **B. Section 1498(a) Precludes an Injunction**

The district court held that it could not enjoin Trojan from bidding on government contracts in view of this court's decision in *Garlock*, 842 F.2d 1275, 1282, 6 USPQ2d 1277, 1284, which unequivocally held that 28 U.S.C.

§ 1498(a) (1982) precludes such injunctive relief.<sup>2</sup> We agree with that conclusion of the district court and its consequent holding that SRS's motion had to be denied.

In *Garlock*, this court held that it was unnecessary to modify an injunction to allow an infringer "to bid on and participate in the sale to the government of [infringing] products." *Id.* at 1282, 6 USPQ2d at 1233. A supplier or potential supplier of an infringing product *for the government* is "immune" from injunctive relief barring manufacture, sale, or bidding to supply such a product. *Id.* at 1281-82, 6 USPQ2d at 1284. Because section 1498 "is paramount," injunctive relief is always subject to the condition that a patent owner's "only recourse" when an infringer is dealing with the government is to "sue the United States in the United States Claims Court for its *entire* compensation." *Id.* at 1283, 6 USPQ2d at 1284. Section 1498(a) would be emasculated if a patent holder could enjoin bidding to supply infringing products. As we explained in *Garlock*:

The patentee takes his patent from the United States subject to the government's eminent domain rights to obtain what it needs from manufacturers and to use the same. The government has graciously consented, in the same statute, to be sued in the Claims Court for reasonable and entire compensation, for what would be infringement if by a private person. The same principles apply to injunctions which are nothing more than

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<sup>2</sup> Section 1498(a) provides:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Claims Court for the recovery of his reasonable and entire compensation for such use and manufacture.

the giving of the aid of the courts to the enforcement of the patentee's right to exclude. Though injunctions may seem to say that making for and selling to the government is [sic, are] forbidden, injunctions based on patent rights cannot in reality do that because of § 1498(a).

*Id.* In short, a patent owner may not use its patent to cut the government off from sources of supply, either at the bid stage or during performance of a government contract.

SRS seeks to avoid or restrict the above holding on the ground that *Garlock* did not mention the injunctive authority of section 1491(a)(3), so that a "new issue" is raised. Per SRS, that issue involves the complex, statutory interplay between section 1498(a) and section 1491(a)(3), and urges that section 1491(a)(3) should be held to restrict the scope of section 1498(a). Although this court did not specifically address section 1491(a)(3) in *Garlock*, it did address the interplay between section 1498(a) and injunctive relief in connection with bidding on a government contract, specifically holding that an infringer could not be enjoined from bidding. As stated therein, section "1498 is paramount when the making is for or the selling is to the United States Government and the injunction is necessarily subject to that condition whether it says so or not." *Id.* In view of our holding that section 1491(a)(3) is inapplicable to an infringement suit between private parties, SRS's argument that the *Garlock* decision should be modified is rejected.

### C. SRS's Appeal Is Not Frivolous

Characterizing SRS's appeal as "frivolous," Trojan requests an award of attorney fees and costs in opposing this appeal as part of sanctions under Fed. R. App. P.

38.<sup>3</sup> Although this court has recognized that “[t]he definition of what constitutes a frivolous civil appeal is difficult,” *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1554, 220 USPQ 193, 203 (Fed. Cir. 1983), under the circumstances present here we do not find SRS’s appeal frivolous. Trojan contends that SRS “does not even pretend to distinguish this case from *Gore v. Garlock*.”<sup>4</sup> We disagree. SRS specifically notes *Garlock* in its briefs on appeal, contends correctly that the opinion never mentions section 1491(a)(3), and argues that we should refine the holding in that case, which it regards as overly broad. Although we unequivocally find SRS’s argument without merit, we reject Trojan’s view that SRS’s appeal is frivolous.

### III

In sum, we hold that section 1491(a)(3) is inapplicable to a patent infringement suit. Because we agree with the district court that section 1498(a) precludes an injunction against an infringer’s bidding to supply the government with infringing devices, we affirm. Finally, Trojan’s request for attorney fees is denied. Trojan, as the prevailing party, shall receive its costs.

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<sup>3</sup> Rule 38 provides:

If a court of appeals shall determine that an appeal is frivolous, it may award just damages and single or double costs to the appellee.

In *Asberry v. United States Postal Service*, 692 F.2d 1378, 1382, 215 USPQ 921, 921 (Fed. Cir. 1982), this court warned that it would impose sanctions under Rule 38 when a frivolous appeal was filed.

<sup>4</sup> Indeed, failure to distinguish precedent in any meaningful way has been grounds for sanctions. See, e.g., *Toepfer v. Department of Transp., F.A.A.*, 792 F.2d 1102, 1102 (Fed. Cir. 1986).

*AFFIRMED*

A True Copy  
Attest: 10/3/89

/s/ La Shawn Chloe  
Deputy Clerk

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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89-1027

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TROJAN, INC.,

*Plaintiff-Appellee,*

v.

SHAT-R-SHIELD, INC.,

*Defendant-Appellant.*

NEWMAN, *Circuit Judge*, concurring.

I join the panel opinion as to sections A and C of Part II. I concur in the result reached in section B, but write separately because I believe the panel majority's statements with respect to 28 U.S.C. § 1498(a) are unduly broad, as well as unnecessary to the result.

28 U.S.C. § 1498(a) is an eminent domain law. *Leesona Corp. v. United States*, 599 F.2d 958, 966 (Ct. Cl. 1979). Its application to all possible cases wherein patents may be infringed by or on behalf of the government, whether or not grounded in "public use" within the meaning of the fifth amendment, has not been tested in the courts. Further, this aspect is not at issue. No challenge to "essential governmental exigency or public necessity", in the Court's words in *Cramp & Sons v. Curtis Turbine Co.*, 246 U.S. 28, 41 (1917), is raised by Shat-R-Shield.

The original legislative premise was to assure a remedy to patentees. Act of June 25, 1910, ch. 423, 36 Stat. 851 (amended 1918); H.R. Rep. No. 1288, 61st Cong., 2d Sess., at 1 (1910); *Cramp, supra*, at 37, 41. Congress did not discuss the possible additional cost to the government, as would flow, for example, from the government's purchase of the lamps from Trojan while paying "reasonable and



entire compensation" to Shat-R-Shield. It is clear from the legislative history that Section 1498(a) was not enacted to enable cheaper procurement. See the statement of the sponsor that the 1918 amendment was "necessary and urgent" as it would "expedite the manufacture of war materials." *Leesona*, 599 F.2d at 967 (quoting 56 Cong. Rec. 7961 (1918) (remarks of Rep. Padgett)). Further, even in 1910 Congress was concerned about the effect on inventors and innovation of such takings. Thus, until the issue is presented for adjudication it is inappropriate to imply, even in dictum, that Section 1498(a) is of unlimited scope.

The question before this panel is simply answered in the 1918 amendment, enacted for the express purpose of insulating from suit those who supply such infringing goods to the government, by providing that "entire" compensation shall come from the government. Naval Appropriations Act of July 1, 1918, ch. 114, 40 Stat. 705. This legislative purpose has been upheld in, e.g., *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 345 (1928); *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1282, 6 USPQ2d 1277, 1283 (Fed. Cir. 1988). Applying Section 1498(a) in accordance with its terms, I would affirm the district court's refusal to enjoin Trojan from offering the infringing lamps to the Department of Defense.

A True Copy

Attest: 10/8/89

/s/ LaShawn Chloe

Deputy Clerk



APPENDIX C

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON

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CIVIL ACTION NO. 85-143

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TROJAN, INC.,

*Plaintiff,*

v.

SHAT-R-SHIELD, INC.,

*Defendant.*

ORDER

This matter having come before the Honorable Richard F. Suhrheinrich, United States District Judge for the Eastern District of Michigan after the United States District Court having declined to rule in the matter, and this being the motion of defendant Shat-R-Shield, Inc. for civil contempt sanctions against Trojan for not complying with this Court's Order that required Trojan to send out a recall letter by June 24, 1988, which Trojan admits it did not do until after its motion for a stay was denied by the Court of Appeals for the Federal Circuit; and separately Shat-R-Shield's motion for injunctive relief under 28 U.S.C. § 1491(a)(3) against Trojan's bidding on contracts to sell its infringing lamps to the United States government, in particular, with regard to a pending Department of Defense Request for Proposals for which a contract has not been awarded, and the Court having considered the moving and opposing papers and the arguments of counsel,

IT IS on this \_\_\_\_ day of \_\_\_\_\_, 1988 ORDERED AND ADJUDGED herein as follows:

1. The motion for civil contempt sanctions and attorney fees be and is hereby denied because the Court finds that during the time that Trojan's motion for a stay was pending that Trojan was not in contempt of this Court's Order requiring a recall of its products; and

2. The motion for injunctive relief under 28 U.S.C. §1491(a)(3) be and is hereby denied; however, the Court finds that Shat-R-Shield is entitled to the relief requested, but the Court is constrained to deny Shat-R-Shield's motion for an injunction against Trojan's bidding in view of the decision in *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 842 F.2d 1275 (Fed. Cir. 1988).

/s/ RICHARD F. SUHRHEINRICH  
Richard F. Suhrheinrich, USDJ

SEP 2 1988

A TRUE COPY

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN

BY Lillian Brook  
DEPUTY CLERK

**APPENDIX D**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF KENTUCKY  
LEXINGTON**

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**CIVIL ACTION NO. 85-143**

**HON. RICHARD F. SUHRHEINRICH**

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**TROJAN, INC.,**

*Plaintiff,*

**v.**

**SHAT-R-SHIELD, INC.,**

*Defendant.*

Eastern District of Kentucky  
FILED

JUN 24 1988

AT LEXINGTON

LESLIE G. WHITMER

CLERK, U.S. DISTRICT COURT

**AMENDED  
FINDINGS OF FACT  
AND CONCLUSIONS OF LAW**

I. Jurisdiction and Venue are conceded by all parties and are not at issue.

II. The findings of fact were made at the conclusion of trial without benefit of a transcript.

**INTRODUCTION**

Plaintiff, Trojan, Inc. (hereinafter "Trojan"), brought this declaratory judgment action pursuant to Title 28, United States Code, §§2201, 2202 and 1338(a), raising two

issues: (1) whether it had infringed United States Patent 4,506,189 (hereinafter the "Nolan patent"), and (2) whether the Nolan patentee, defendant Shat-R-Shield, Inc. (hereinafter "Shat-R-Shield"), is a holder of valid patent.

In response to the complaint, Shat-R-Shield filed a counterclaim for infringement of the Nolan patent. The counterclaim seeks a preliminary and final injunction against continued infringement of the aforementioned patent, an accounting for damages, an assessment of interest and costs, an award of attorneys' fees based upon the exceptional nature of this case and upon the plaintiff's willful and wanton acts of infringement. However, the Court shall not consider an accounting for damages under defendant's counterclaim as defendant rested without producing any evidence of monetary damage. The defendant seeks to prove damages after closing by submitting a portion of a transcript, Defendant's Exhibit 106, in a brief. The Court expressly rejects consideration of that exhibit and brief insofar as they relate to money damages. Additional relief will be discussed later.

Both parties herein are manufacturers of fluorescent light bulbs. In order to protect the health and safety of the public and to insure the integrity of the environment, both parties have utilized a certain process to coat the fluorescent bulbs. The fluorescent bulbs are coated with a plastic coating that is applied to the bulb in such manner that when the bulb accidentally breaks, the plastic coating will contain the glass shards and prevent them from being scattered into the environment.

This action was tried without a jury on April 25, 1988. At the request of all counsel, as a guideline for establishing the order of proof of infringement and invalidity of the claim, the Court followed the recommendations of the Honorable Howard T. Markey, Chief Judge, United States Court of Appeals for the Federal Circuit, as outlined in

his article "On Simplifying Patent Trials," 116 F.R.D. 369 (1987).

Defendant Shat-R-Shield presented the following evidence:

Witnesses:

1. James D. Nolan
2. Joseph Satterlee

Depositions:

1. George S. Evans
2. Robert W. Bushroe
3. Robert McManigal

Exhibits:

- Nos. ( 2) The Nolan Patent, No. 4,506,189,  
March 19, 1985
- (75) Sales Brochure for Hytron SAF-T-COTE Fluorescent lamps
- (93) A SAF-T-COTE fluorescent lamp of Trojan
- (94) A SAF-T-COTE fluorescent lamp of Trojan
- (95) A SAF-T-COTE fluorescent lamp of Trojan
- (100A) A SHAT-R-SHIELD Fluorescent lamp of Shat-R-Shield
- (101) Blow-up of Figures 1, 2, 3 and 4 of Nolan Patent
- (102) Blow-up of Figures 5 and 6 of Nolan Patent
- (103) Blow-up of Claim No. 3 of Nolan Patent

- (13) Blow-up of fluorescent tube and end cap with PVC coating
- (97) Trojan's Supplement to protest re: reissue of Trojan Patent
- (53) Deposition of George S. Evans taken December 10, 1985
- (54) Deposition of Robert W. Bushroe taken March 27, 1986
- (55) Figure 1 and 2 of drawing of fluorescent lamp envelope

(105A-V) 22 patents for which J. Ralph King's Plaintiff Trojan presented the following evidence:

Witnesses:

- 1. Joseph Satterlee
- 2. J. Ralph King

Exhibits:

- Nos (20) 3-piece tube guard
- (15) Hytron Price list for incandescent bulbs effective July 15 thru October 15, 1984
- (16) Hytron Invoice of sale of 60 Tuff-Skin bulbs (September 2, 1984)
- (18) Hytron Invoice of sale of 120 SAFE-T-Cote bulbs (June 1975)
- (19) U.S.P. & T. Office Certified Manual of Classification (November 1987)
- ( 3) The Evans Patent, issued August 31, 1981, #3,602,759
- ( 4) The Thomas Patent, issued November 16, 1987, #3,621,323

- ( 8) Claims 1 and 2 of Nolan Patent as prior art (Evans)
- ( 9) Claims 3 and 4 of Nolan Patent as prior art (Evans)
- (10) Claims 1 and 2 of Nolan Patent as prior art (Thomas)
- (11) Claims 3 and 4 of Nolan Patent as prior art (Thomas)
- (12) Coated incandescent lamps made by Thomas teachings (prior art - Nolan 1 and 2)
- (13) Coated incandescent lamps made by Thomas teachings (prior art - Nolan 3 and 4)
- ( 1) Amended Nolan Patent application filed August 2, 1982
- ( 2) Abandoned Nolan Patent application filed January 17, 1988
- (5B) Photograph of "Tuff-Skin" coated incandescent bulb
- (5C) Photograph of Hytron-K coated incandescent bulb
- (14) Van Laar Patent (flash lamp, January 5, 1955); Boyce Patent (fluorescent, January 23, 1962); Campagna Patent; Audesse Patent; Shank Patent; Sentementes Patent; and Koerper Patent
- (24) Quirk Patent assigned to Sylvania (patented August 27, 1963)
- (27) Reissue of Tooke Patent
- (29) A POPGUARD fluorescent lamp by Alpha Industries



**FINDINGS OF FACT  
RE: INFRINGEMENT**

1. James D. Nolan has been in the plastic coating business for approximately twenty years. He has been president of Shat-R-Shield since 1978. Shat-R-Shield, the owner of the patent in suit, began as Incoplas, Inc., a company partially owned by Nolan. Incoplas, a job-shop, produced various products with a plastic coating. It was employed by DuPont to coat plastic bottles with a coating known as "Surlyn."

2. About 1972, Nolan first attempted to coat bulbs, working at that time with incandescent bulbs. These bulbs were not commercially successful. Subsequently, Nolan worked with Tom Madonia, *et al.*, at Westinghouse to produce successfully coated fluorescent bulbs.

3. In 1978, Nolan bought out that portion of Incoplas that was related to the coating of fluorescent bulbs. That company is Shat-R-Shield and is today a commercial success in the business of coating fluorescent bulbs.

4. Previous to Nolan's patent, fluorescent bulbs were covered by a plastic tube guard which consisted of three separate pieces, *viz.*, a plastic cylinder and two plastic parts that were attached to either end of the cylinder with the fluorescent bulb being contained in the middle of the cylinder. This tube was not successful because it added length to the fluorescent bulb and would not allow the bulb to have a proper fit. In addition, if the bulb with the shield was accidentally dropped, the ends of the tube guard would dislodge, thus causing the glass to shatter within the environment.

5. Nolan's idea was to plastic-coat the envelope, that is, the glass surrounding the fluorescent bulb "in situ," in one piece that would encase both the glass tube and the two metal end caps. To form this one-piece plastic sheath on the fluorescent bulb, the bulb is heated and then placed

in a fluidized bed of Surlyn. The length of the coating covering the end caps is predetermined by use of a mask so that the coating does not cover the electrical connecting pins. This insures a good fit into the fixture and, if the bulb is dropped, prevents the end pieces from coming out. Thus, the coating protects the environment from shattering glass.

6. Nolan applied for a patent on January 17, 1977; this application was amended five times until it was ultimately issued on March 19, 1985. The plastic-coated fluorescent bulb utilizing the coating process covered by the Nolan Patent is sold by the defendant under the brand name of "SHAT-R-SHIELD," as evidenced by Defendant's Exhibit No. 100A.

7. In 1984, less than one year before the Nolan patent issued, Hytron Electric Products, a division of plaintiff Trojan, began manufacturing and selling fluorescent bulbs also coated with PVC material. The purpose of this coating was to contain the glass shards when the bulb was broken. This lamp bears the brand name of "SAF-T-COTE," and is seen in Defendant's Exhibits 93, 94, and 95.

8. While it is believed that there are different methods used to coat the fluorescent bulbs, the Court finds that the end product is the same, *viz.*, a plastic-coated fluorescent bulb that will not permit glass shards to spread into the environment when broken.

9. Nolan testified, and the Court finds, that Defendant's Exhibits 93, 94, and 95 are substantially the same as Nolan's invention, and that Trojan's SAF-T-COTE does infringe on the Nolan patent.

10. Joseph Satterlee is an employee of the defendant. For sixteen years, he has been engineering manager in charge of product development. Prior to designing the machinery that produced the Trojan SAF-T-COTE, Satterlee had a conversation with DuPont, the supplier of the ma-

terial used to coat the defendant's plastic fluorescent bulbs. At about the same time, Mr. Satterlee had heard of Incoplas and had seen and evaluated the SHAT-R-SHIELD fluorescent bulb.

11. The Court finds that the claims of Defendant's Exhibit 2, as set forth and found in the Nolan patent, have been infringed by Trojan's SAF-T-COTE.

The Nolan patent claims are:

1. In a fluorescent lamp including a glass envelope and an end cap at each end of said glass envelope, the improvement comprising:

integrally formed coating means surrounding said glass envelope and a predetermined portion of each of said end caps, and

said coating means being transparent to light emanating from said fluorescent lamp and upon said glass envelope being broken into glass shards said coating means for maintaining said glass shards and said end caps in association thereby preventing the broadcasting of said glass shards.

2. In the florescent lamp according to claim 1 wherein said integrally formed coating means is a coating of polymeric material formed in situ.

3. In a fluorescent lamp including a glass envelope, a pair of end caps with each end cap being secured to an end of said glass envelope, and at least one electrical connecting pin provided on each of said end caps, the improvement comprising:

an integrally formed coating of polymeric material formed in situ and surrounding said glass envelope and predetermined portions of said glass envelope and not including said electrical connecting pins, and

said coating of polymeric material being transparent to light emanating from said fluorescent lamp and upon said glass envelope being broken into glass shards said coating of polymeric material maintaining said glass shards and said end caps in association thereby preventing broadcasting of said glass shards.

4. In a fluorescent lamp according to claim 3 wherein said coating of polymeric material is formed in situ.

The only difference that Mr. Satterlee claims exists in the processes used by Trojan and Shat-R-Shield is as to the use of the word "predetermined." Mr. Satterlee claims the meaning of the word "predetermined" varies significantly between the two coating processes. Mr. Satterlee based his claim that the two processes differ on the use of the word "predetermined." However, as seen by Mr. Satterlee's own testimony, he himself does not consistently define "predetermined."

QUESTIONS ON DIRECT BY MR. RHODES:

Q. Now, Mr. Satterlee, on each of the end caps of the Trojan SAF-T-COTE fluorescent lamps, is enough of the end cap coated so that each side, when the glass is broken, the end caps are held together?

A. Yes.

Q. On the Trojan SAF-T-COTE fluorescent lamps, are the connecting pins coated?

A. No, sir.

Q. And it is determined beforehand that the connecting pins are not coated; is that correct?

A. Yes.

Q. And it is determined beforehand that you coat sufficient of the end caps that they function as you described, they hold the plastic coating and the end caps together to prevent the broadcasting of glass shards?

A. Yes, sir.

Q. And your machine operates and determines in advance that that much, at least that much, of the end caps are coated?

A. Yes, sir.

Q. Or it wouldn't work?

A. That's correct.

Q. And you determine that in advance?

A. Yes, Sir.

CROSS BY MR. JONES:

By Mr. Jones:

Q. Mr. Satterlee, what does coating a predetermined portion of the end cap mean to you as an engineer?

A. That would be bringing the coating to a constant point on the end cap.

Q. Are Trojan's lamps coated over a predetermined portion of the end cap, as you understand that term?

A. No, sir.

Q. Mr. Satterlee, in the Trojan lamps, is it necessary that the coating extend over a predetermined portion of the end cap, as you understand that term, in order to keep the end cap from flying out?

A. No, sir.

By Mr. Rhodes:

Q. Now, Mr. Satterlee, Mr. Jones asked you if you had an understanding of the work predetermined as an engineer, and you answered yes?

A. Yes.

Q. Would you please tell me what that understanding is?

A. It is bringing the coating to a constant point on the end cap.

Q. That is what the word "predetermined" means to you?

Yes, sir.

Q. Now, do you recall I examined you this morning and asked you if on each and every Trojan safety coated fluorescent lamp, the end cap was coated such that when the glass envelope broke, the protective coating holding onto the end cap would hold the glass shards inside and you answered yes?

A. Yes, sir.

Q. Is it therefore not true, Mr. Satterlee, that you must determine in advance how much that's going to take to hold onto the end cap or you don't know whether or not it's going to hold on and be a safety coating?

A. Yes.

Q. Then you predetermined it? You determine it in advance?

A. Are you looking for an answer?

Q. Yes, you don't make sloppy coating, do you, you make coating that works, right?

A. Yes, sir, but we do not determine it by—

Q. Do you determine it in advance, Mr. Satterlee?

A. Yes.

Q. That you coat sufficient that it holds on if the glass breaks?

A. Yes, sir.

12. Defendant's claim of patent infringement is further strengthened by plaintiff's sale brochure that promotes its SAF-T-COTE (Defendant's Exhibit 75). On page two of the following is stated:

Each new SAF-T-COTE Fluorescent Lamp is covered from end cap to end cap with a tough, protective, clear plastic material, custom formulated and precisely developed for the safety coating of Hytron Fluorescent Lamps. Should the lamp break, virtually all of the harmful debris is inside the protective coating.

13. Although the Court finds that Satterlee's testimony is sufficiently specific as to the definition of "predetermined portion," the Court does not find Satterlee's testimony credible in all instances. The Court believes that he was not candid in his testimony as to the meaning of "predetermination." When considering his testimony as a whole, as previously quoted, it is clear that Mr. Satterlee knows exactly what is meant by defendant's claim of predetermination and that, albeit by a different process, Trojan also predetermines the degree of PVC that will cover the end caps.

With the exception of the dispute over the meaning of the word "predetermination," which the Court finds Mr. Satterlee makes more in form than in substance, Satterlee admits that SAF-T-COTE is identical to the Nolan patent.



## CONCLUSIONS OF LAW AS TO THE INFRINGEMENT CLAIM

1. The burden of proof required to prove a claim for patent infringement is by a preponderance of the evidence. *Saginaw Products Corp. v. Eastern Airlines, Inc.*, 615 F.2d 1136 (6th Cir. 1980); *De Cew v. Union Bag & Paper Corp.*, 59 F.Supp. 323 (D.C. N.J. 1945).

2. The Court found that the two end products made by these parties are virtually the same. Trojan's SAF-T-COTE lamp "performs substantially the same function in substantially the same way" to yield the same result as the lamp claimed by the Nolan patent. *Atlas Powder Co. v. E.I. DuPont DeNemours*, 750 F.2d 1569, 1579 (Fed. Cir. 1984); *TWM Manufacturing Company, Inc. v. Dura Corp.*, 772 F.2d 1261, 1269 (6th Cir. 1983).

3. Shat-R-Shield has proved its claim of patent infringement by a preponderance of the evidence.

## INVALIDITY

Trojan presents a multi-tiered argument to support its claim that the Nolan patent is invalid, as set out below.

Generally speaking, Trojan contends that the Nolan patent is not valid because the application violates Title 35, United States Code, §§102, 103, and 112.

Section 102 basically addresses the novelty of the patent, that is, whether the invention has been known or used prior to the present applicant.

Section 103 speaks to the obviousness of the invention; that is, whether the invention has been covered by prior art and is obvious to a person having ordinary skill in the art to which the subject matter pertains.

Section 112 addresses the form of the application and goes to the specificity of the patent application and its claims.

More specifically, Trojan claims that the Thomas patent, No. 3,621,323 (Plaintiff's Exhibit 4), issued on November 16, 1971, shows a prior state of the art or is obvious; therefore, Trojan contends that the Nolan patent should be declared invalid. The Thomas patent concerns a plastic-coated incandescent bulb.

Furthermore, Trojan also claims that since Nolan knew of the Thomas patent prior to filing his patent application, he was under a duty to disclose the Thomas patent to the examiner and that such non-disclosure renders the Nolan patent invalid.

To support its validity claim, Trojan offered, in addition to the testimony of Joseph C. Satterlee, the testimony of its expert witness, J. Ralph King.

#### **FINDINGS OF FACT RE: INVALIDITY CLAIM**

1. J. Ralph King is a patent attorney. As part of his previous training, he practiced patent law in Washington, D.C., and was a patent examiner in the United States Patent and Trademark Office. It is King's position that the Patent Office erred in the issuing of the Nolan patent.

2. King's conclusion is premised on his theory that the patent examiner missed certain key subclassifications. There is a manual for patent examiners to determine under which classification or subclassification the particular invention falls (Defendant's Exhibit 19). This gives the patent examiner an idea of what old patents to review to see if the proposed patent adopts prior state of the art. King stated that the examiner did not adequately research the pertinent subclasses and cross-references and therefore overlooked and failed to review two particular patents, one designated as the Evans patent no. 3,602,759, and the other the Thomas patent no. 3,621,323. King opined that if the examiner had reviewed these patents they would have demonstrated that the prior state of the art was

adopted and that the Nolan application should have been rejected.

3. For the following reasons stated in the finding of fact analysis, the Court does not find King's testimony to be persuasive, nor does it find King to be credible. The Court does not give his opinion any weight.

a. One of the factors on which this finding is based is King's demeanor, which is too subjective a standard to be adequately reviewed by an appellate court.

b. However, there are other more objective factors demonstrating King's bias, as follows:

(1) He referred to plaintiff's claim as "our claim." While he hastened to add that he meant to say "Trojan's claim," the Court cannot believe such misstatement is a mere slip of the tongue, as King has been retained to perform future work for the plaintiff.

(2) King is inconsistent as the meaning of "predetermined." King's definition on the stand of what is required to explain the term "predetermined" is not the same as he himself has used this term repeatedly in some twenty-two other patent claims that were prepared by his law firm and filed with the Patent Office. These twenty-two patents are referred to collectively as defendant's Exhibit 105A-105V.

(3) King was not familiar with his own client's previous positions regarding the Van Laar and Thomas patents, as discussed *infra*.

(4) The fact that King had to further review the evidence in his file overnight to continue his testimony the next day leads the Court to find that King was merely retained to repeat some legal terms of art and was not an aid to the trier of fact.

This finding of noncredibility alone would prohibit Trojan from meeting its burden of proof on its invalidity claim,

as defined in the Conclusions of Law. The Court does, however, analyze the other points raised in plaintiff's claim in the following findings of fact:

4. The Evans patent, Plaintiff's Exhibit 3, patented August 31, 1971, has an electric lamp that is a fluorescent bulb enclosed using pre-shrunk plastic retention. It is King's position that the shrunk-fit plastic sheaths are done "in situ," thus making them the same as the Nolan patent. However, the claims of the invention do not demonstrate that the process is done "in situ." To support his conclusion, he quotes the following language found in the Evans patent:

The foregoing objects, and other advantages which will become apparent as the description proceeds, are achieved in acceptance with the present invention by enclosing all or part of the lamp in a sleeve that is fabricated from shrinkable light-transmitting plastic. Preferably the sleeve is made of heat-shrinkable plastic that is initially of such dimensions xxx that it will fit loosely over the lamp and upon being heated will shrink and form a smooth, tight-fitting sheath that conforms to the shape of the lamp which it encloses.

Evans Patent No. 3,602,759, Co. 1, Lines 55-65.

The Court rejects King's statement and, instead goes to the most valid source, the deposition of George S. Evans, the inventor of the Evans patent (Defendant's Exhibit 53). On page 30 of that deposition, when the Evans patent is being discussed, the following question and answer appear:

Q. Mr. Evans, referring again to your patent, I believe it is P-2L for identification, just to clarify in case I don't understand it correctly, the protective coating in your patent is formed separately and is not formed *in situ* on the tube.

A. That's right.

This testimony of Mr. Evans was not reviewed by Mr. King prior to his testifying.

5. Corroborating the statement of George Evans is the deposition of Mr. Robert H. Bushroe (Defendant's Exhibit 54). He worked with George Evans at the Westinghouse Lamp Corporation to develop a particular lamp specifically for the Sky Lab photolight application. He therefore is intimately involved with and has complete knowledge of the Evans patent. On page 21 of his deposition Bushroe states as follows:

Q. All right. That was not present in Sky Lab?

A. That is correct, it was not present. The embodiment is one in which it goes over the glass envelope.

Q. Only?

A. Yes.

Q. Okay, and not the end caps?

A. Right.

6. An excerpt from the deposition of Robert McManigal, fluorescent marketing manager at Westinghouse from 1969 to 1975, clearly states that Westinghouse never commercially sold a fluorescent bulb coated as shown in the Evans patent. Other than the Sky Lab project, the Evans patent was never used.

7. Based on the foregoing findings in paragraph 5 and 6, the Court finds that the Evans patent was not practical and could not be used successfully commercially.

8. The Thomas patent No. 3,621,323 involves an incandescent bulb and is similar to the Van Laar patent, which the examiner specifically looked at in reviewing the Nolan application. He went on to find the Nolan invention to be patentable.

9. While King states that the Thomas patent shows the state of art and the obviousness of the technology, he was not familiar with his client's own position as it relates to the Thomas patent in previous litigation filed on June 2, 1981. It is interesting to note that King condemns the examiner for failure to review the prior art, but when King had the obligation to review for a fee to protect his client he was not given all of the information regarding previous patents of which his client was aware. As a matter of fact, in the evening between his first and second day of testimony during the trial, he reviewed some of the materials which his client has failed to provide him previously so as to testify. The Court finds that Mr. King was a witness purchased merely to echo certain words of art in a patent case and is not believable.

10. The Court finds that Trojan has taken inconsistent positions on the similarity, *vel non*, between the Van Laar patent and the Thomas patent. At trial, Trojan advocated that these two patents were not similar, while in 1981, Trojan held the opposite view, as is found in Defendant's Exhibit No. 97. The following appears in that exhibit:

With this history of prosecution of the '323 patent in mind, there can be no doubt that it would not have issued if the Examiner had known about either the Wright patent, 2,114,201, (Exhibit 10), or the *Van Laar et al.* patent, 2,868,670, (Exhibit 5). (Emphasis added).

Defendant's Exhibit 97, Supplement to Protest of Trojan, Inc. under 37 C.F.R. §1.291 and Brief in Support of Protest, page 21.

Exhibit 97 further states:

Thus, the Van Laar patent discloses substantially all the features of claim 1 of the '323 patent [Thomas] and, if not anticipatory, clearly renders



the subject matter obvious to a person having ordinary skill in the art.

Id. at 23.

11. King further states that Frank Thomas and his attorney, H. D. Jones, had actual and not merely constructive knowledge of the Wright and Van Laar patents, yet failed to disclose them to the examiner. (Plaintiff's Exhibits 4, 9, 11, and 12.)

12. Assuming this statement to be true, it is immaterial because even though applicant and his present attorneys had access to the initial search reports which cited the Wright and Van Laar patents since the time this reissue application was filed, it was only through the efforts of the protester, Trojan, that this information *finally* came to light. Therefore, any such nondisclosure by Frank Thomas and H. A. Jones is not significant to this action.

13. The Court finds that the Van Laar (a flash bulb), the Thomas (incandescent bulb), and Evans (fluorescent bulb) patents are similar enough that the review of the Van Laar patent alone would be sufficient for the examiner to review in determining the patentability of the Nolan invention.

14. The Court finds as a matter of fact that the Nolan invention is patentable and that the Nolan patent has been infringed.

15. The Court further finds that the existence of the Evans and Thomas patents does not invalidate the Nolan patent and does not disclose prior state of art or obviousness.

16. In light of the findings of fact set out above in paragraph nos. 3-12, the Court further finds that Nolan did not violate his duty to disclose the Thomas patent to the Patent Office because the Van Laar patent, which the examiner evaluated in his analysis of the Nolan application,



is sufficiently similar to the Thomas patent that disclosure of both the Van Laar and Thomas patents was not required.

17. The Court also finds that the Evans patent would not have issued if the examiner had looked at the Thomas patent.

18. The Court finds that the plaintiff did not rebut the presumption of validity of the patent, the obviousness of the patent, and the anticipation of the patent, as provided for by statute.

19. In conclusion, the Court finds that the Nolan patent is valid.

Based on the foregoing findings the fact, the Court reaches the following conclusions of law:

## CONCLUSIONS OF LAW AS TO INVALIDITY CLAIM

### A. Presumption of Validity

1. Title 35, United States Code, §282 states that a patent shall be presumed to be valid. Further, the burden of establishing invalidity of a patent or any claim thereof rests on the party asserting such invalidity. *Jones v. Hardy*, 727 F.2d 1524, 1528 (Fed. Cir. 1984).

2. The burden of proof required to prove a patent invalid is by clear and convincing evidence. *Bewal, Inc. v. Minnesota Mining & Mfg. Co.*, 292 F.2d 159 (10th Cir. 1961); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983); *Carella v. Starlight Archery*, 804 F.2d 135 (Fed. Cir. 1984).

3. It is well settled that the presumption of validity encompasses three separate tests of patentability: novelty, utility, and nonobviousness. *United States v. Adams*, 383 U.S. 39 (1966).

4. The rules of law set out above are succinctly stated in *Structural Rubber Products Co. v. Park Rubber Co.*, 749 F.2d 707 (Fed. Cir. 1984), as follows:

... Thus, included within the presumption of validity is a presumption of novelty, a presumption of nonobviousness and a presumption of utility, each of which must be presumed to have been met.

\* \* \* \*

To summarize on this point, §282 creates a presumption that a patent is valid and imposes the burden of proving invalidity on the attacker. That burden is constant and never changes and is to convince the court of invalidity by clear evidence. Deference is due the Patent and Trademark Office decision to issue the patent with respect to evidence bearing on validity which it considered but no such deference is due with respect to evidence it did not consider. All evidence bearing on the validity issue, whether considered by the PTO or not, is to be taken into account by the tribunal in which validity is attacked.

*Structural Rubber Products*, 749 F.2d at 714.

## B. PRIOR ART REFERENCE

1. The burden of persuasion always remains on the party asserting invalidity of the patent, whether or not the most pertinent prior art was considered by the examiner. *Solder Removal Co. v. U.S. International Trade Comm.*, 582 F.2d 628 (C.C.P.A. 1978).

2. Trojan failed to prove by clear and convincing evidence that a single prior art reference disclosed each and every element of the Nolan patent. *Carella v. Starlight Archery, supra*; *RCA Co. v. Applied Digital Data System, Inc.*, 730 F.2d 1440 (Fed. Cir. 1984).

3. Trojan failed to meet its burden of proof on its claim that the Patent Examiner failed to consider the Thomas and Evans patents. See *Solder Removal Corp. v. U.S. International Trade Comm.*, *supra*. Trojan failed to meet its burden because the Evans and Thomas patents are not more pertinent than the prior art considered by the Patent Examiner; rather, they are culminative of the considered art. *Rosemount, Inc. v. Beckman Instruments*, 727 F.2d 1540, 1546 (Fed. Cir. 1984).

### C. NONOBVIOUSNESS

The seminal case on nonobviousness is *Graham v. John Deere Co.*, 383 U.S. 1 (1966). Per *Graham*, the ultimate question of patent validity is one of law, see *A & P Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 155 (1950), and the §103 condition (nonobviousness) is one of three conditions that must be considered in determining validity. The *Graham* Court elaborated:

Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness of or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. . . .

While we have focused attention on the appropriate standard to be applied by the courts, it must be remembered that the primary responsibility for shifting out unpatentable material lies in the Patent Office.

*Graham*, 383 U.S. at 17-18.

#### D. DUTY TO DISCLOSE

1. The Court concludes that Trojan failed to prove by clear and convincing evidence (1) that Nolan was under a duty to disclose the Thomas patent to the Patent Office and (2) that such nondisclosure renders the Nolan patent invalid. It is not sufficient that the patent application contains less than the whole truth; it must also be shown that such omission or nondisclosure was with fraudulent intent. *Celluloid Manufacturing Company v. Russell*, 37 F. 676 (C.C.N.Y. 1889). Trojan did not offer any proof at trial that Nolan perpetrated a fraud on the Patent Office by not disclosing the Thomas patent.

2. Nolan had no duty to disclose the Thomas patent to the Patent Office because such reference would have been merely cumulative and not material. *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1455-56 (Fed. Cir. 1984).

3. *J. P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553 (Fed. Cir. 1984), on which Trojan relies to support its duty-to-disclose argument, is factually distinguishable from the action *sub judice*; therefore, it is not controlling.

Wherefore, in light of the foregoing findings of fact and conclusions of law on defendant's infringement claim and Trojan's invalidity claim, the Court has determined that as a matter of law, the Nolan patent has been infringed by Trojan's SAF-T-COTE fluorescent bulb.

The Court has further held that the Nolan patent is a valid patent.

Consequently, the Court must now consider the relief and/or damages to which Shat-R-Shield is entitled on its counterclaim.

## **TOTAL DAMAGES**

### **A. Injunctive Relief**

1. Shat-R-Shield is entitled to injunctive relief. Trojan shall immediately cease and desist from the manufacturer, production, sale and distribution of the SAF-T-COTE fluorescent lamp.

2. Additionally, the Court requires Trojan to recall all the SAF-T-COTE fluorescent lamps sold to and still in the possession of its customers.

### **B. No Accounting**

The Court holds that defendant is not entitled to an account of past sales because the record reflects defendant's intention to abandon the aspect of money damages. This intention is borne out as follows:

1. On June 10, 1985, defendant propounded its interrogatory (No. 18) to Trojan requesting its sales volume.

2. Trojan did not answer this interrogatory on the grounds of confidentiality.

3. It was not until April 18, 1988, more than two and one-half years later, that defendant moved to compel discovery of this information.

4. At the pretrial conference on April 21, 1988, Magistrate Cooke denied the motion as untimely and informed the parties that the issue of damages would not be bifurcated.

5. Therefore, the Court finds that defendant effectively abandoned its claim for monetary damages and tried to resurrect the same on the eve of trial. The Court can conceive of numerous other ways defendant could have presented its claim for monetary damages.

### **C. Attorney's Fees**

1. The general rule is that the prevailing party in a patent infringement case is not automatically entitled to

attorney's fees. *Milgo Electronic Corp. v. United Business Communications, Inc.*, 623 F.2d 645 (10th Cir.), cert. denied, 449 U.S. 1066 (1980).

2. Title 35, United States Code, §285 provides for the award of attorney's fees only in exceptional cases.

3. The award of attorney's fees is addressed to the sound discretion of the Court based on evaluation of the conduct of the parties. *Campbell v. Spectrum Automation Co.*, 601 F.2d 246 (6th Cir. 1979).

4. In view of the chronological order of the events leading up to this action, the Court can only find this case not to be exceptional. Trojan began manufacturing its SAF-T-COTE fluorescent lamp about one year before the Nolan patent issued on March 19, 1985. After being informed by defendant that the SAF-T-COTE fluorescent bulb infringed its patent and upon the advice of counsel, Trojan filed this declaratory judgment action on April 17, 1985.

5. Thus, the Court concludes that this action is the garden variety patent infringement/patent validity action.

6. Since it is not an exceptional case, defendant is not entitled to its attorney's fees.

#### **D. Treble Damages**

1. As to the infringement claim alone, Title 35, United States Code, §284 provides for treble damages against a patent infringer if such infringement is willful and wanton.

2. As noted in paragraph C above, the record does not support a finding that Trojan's infringement was willful and wanton. The Nolan patent issued on March 19, 1985. After Shat-R-Shield informed Trojan that its SAF-T-COTE fluorescent bulb infringed the Nolan patent, upon the advice of its counsel, Trojan promptly filed their declaratory judgment action on April 17, 1985 to resolve this dispute.

3. Under these circumstances, the Court concludes that Shat-R-Shield's claim that Trojan's infringement was will-

ful and wanton is without support. Accordingly, Shat-R-Shield is not entitled to statutory treble damages under Title 35, United States Code, §284.

An Order and Judgment in accordance with these Findings of Fact and Conclusions of Law will be entered on the same date herewith.

/s/ Richard F. Suhrheinrich  
RICHARD F. SUHRHEINRICH  
United States District Judge

DATED: JUN 22 1988

A TRUE COPY  
CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
/s/ BY Lillian Brooks  
DEPUTY CLERK

APPENDIX E

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF KENTUCKY  
LEXINGTON

---

CIVIL ACTION  
NO. 85-143

HON. RICHARD F. SUHRHEINRICH

---

TROJAN, INC.,

*Plaintiff,*

v.

SHAT-R-SHIELD, INC.,  
*Defendant.*

Eastern District of Kentucky  
FILED

JUN 24 1988

AT LEXINGTON  
LESLIE G. WHITMER  
CLERK, U.S. DISTRICT COURT

AMENDED  
ORDER AND JUDGMENT

In accordance with the Findings of Fact and Conclusions of Law entered on the same date herewith,

IT IS HEREBY ORDERED AND ADJUDGED, as follows:

1. The Nolan patent (No. 4,506,189), issued on March 19, 1985, is a valid patent.
2. By the manufacture, production, sale and distribution of its SAF-T-COTE fluorescent lamp, Trojan has infringed the Nolan patent.



3. By virtue of this infringement, Shat-R-Shield is entitled to injunctive relief. Trojan shall immediately cease and desist from the manufacture, production, sale and distribution of the SAF-T-COTE fluorescent lamp.

4. Trojan shall make a good faith effort to recall all the SAF-T-COTE fluorescent lamps sold to and still in the possession of its customers. The recall shall encompass only those SAF-T-COTE lamps sold after March 19, 1985, the date of issuance of the Nolan patent.

5. The Court having determined that Trojan's infringement was not willful and wanton, Shat-R-Shield is not entitled to treble damages.

6. Shat-R-Shield shall have no accounting for monetary damages.

7. The Court having found that this is not an exceptional case, Shat-R-Shield is not entitled to its attorney's fees.

8. All claims having been resolved as to all parties herein, this action is now DISMISSED and STRICKEN from the docket.

9. There being no just reason for delay, this is a FINAL and APPEALABLE Order and Judgment.

Dated this 22nd day of June, 1988.

/s/ Richard F. Suhrheinrich  
RICHARD F. SUHRHEINRICH  
United States District Judge

A TRUE COPY

CLERK, U. S. DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN

BY Lillian Brook  
DEPUTY CLERK

APPENDIX F  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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88-1528, -1529

---

TROJAN, INC., *Plaintiff-Appellant,*  
v.

SHAT-R-SHIELD, INC.,  
*Defendant/Cross-Appellant.*

Eastern District of Kentucky  
FILED

JAN 8 1989

AT LEXINGTON  
LESLIE G. WHITMER  
CLERK, U. S. DISTRICT COURT

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, declined.

FOR THE COURT,

/s/ Francis X. Gindhart  
Francis X. Gindhart  
Clerk

Dated: January 4, 1990

cc: R. GALE RHODES, JR.  
ROBERT B. JONES

FILED

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

JAN 4, 1990

FRANCIS X. GINDHART  
CLERK

TROJAN V SHAT R SHIELD, 88-1528  
(DCT 85-143)

Note: This order has not been prepared for publication in  
a reporter.

APPENDIX G

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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88-1528, -1529

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TROJAN, INC.,

*Plaintiff-Appellant,*

v.

SHAT-R-SHIELD, INC.,

*Defendant/Cross-Appellant.*

Eastern District of Kentucky  
FILED

DEC 28 1989

AT LEXINGTON  
LESLIE G. WHITMER  
CLERK, U. S. DISTRICT COURT

ORDER

Before NIES, Circuit Judge, NEWMAN, Circuit Judge, and MICHEL, Circuit Judge.

A petition for rehearing having been filed in this case, and a response thereto having been invited by the court and filed,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT,  
/s/ Francis X. Gindhart  
Francis X. Gindhart  
Clerk

Dated: December 21, 1989

cc: R. GALE RHODES, JR.  
ROBERT B. JONES

FILED  
U.S. COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT

DEC 21 1989

FRANCIS X. GINDHART  
CLERK

TROJAN V SHAT R SHIELD, 88-1528, -1529  
(DCT - 85-143)

Note: This order has not been prepared for publication in  
a reporter.

Copies:

Robert Jones, Charles Thomason, Larry Deener, R. Gale  
Rhodes, Jr.

A True Copy  
December 21, 1989  
/s/ Betty A. Bunch

APPENDIX H

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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88-1528, -1529

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TROJAN, INC.,  
*Plaintiff-Appellant,*  
v.

SHAT-R-SHIELD, INC.,  
*Defendant/Cross-Appellant.*

**Judgment**

ON APPEAL from the UNITED STATES DISTRICT  
COURT FOR THE EASTERN DISTRICT OF KEN-  
TUCKY in CASE NO(S). 85-143

*This CAUSE having been heard and considered, it is OR-  
DERED and ADJUDGED: REVERSE*

ENTERED BY ORDER OF THE COURT  
DATED OCT 31 1989 /s/ Francis X. Gindhart  
Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: NOVEMBER 7, 1989

APPENDIX I

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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89-1027

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TROJAN, INC.,

*Plaintiff-Appellee,*

v.

SHAT-R-SHIELD, INC.,

*Defendant-Appellant.*

Eastern District of Kentucky  
FILED

OCT 6 1989

AT LEXINGTON  
LESLIE G. WHITMER  
CLERK, U. S. DISTRICT COURT

**Judgment**

*ON APPEAL from the United States District Court for  
the Eastern district in CASE NO(S). 85-143*

*This CASE having been heard and considered, it is OR-  
DERED and ADJUDGED: AFFIRMED*

*ENTERED BY ORDER OF THE COURT*  
*DATED SEP 12 1989 /s/ Francis X. Gindhart*  
*Francis X. Gindhart, Clerk*

ISSUED AS A MANDATE: OCTOBER 3, 1989

NOTICE IS HEREBY GIVEN OF THE  
ENTRY OF THIS ORDER OR JUDGMENT  
ON 10-6-89

LESLIE G. WHITMER, CLERK

BY: /s/ Sharon Vrolojk D.C.

A True Copy

Attest: 10/8/89

/s/ LaShawn Chloe  
Deputy Clerk



## APPENDIX J

## ARTICLE I, SECTION 8, CLAUSE 8

SECTION 8. The Congress shall have Power . . .

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

\* \* \*

To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

\* \* \*

**35 USC § 282. Presumption of validity; defenses**

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement, or unenforceability.

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Claims Court, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the

patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

Invalidity of the extension of a patent term or any portion thereof under section 156 of this title because of the material failure—

- (1) by the applicant for the extension, or
- (2) by the Commissioner,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action (Amended July 24, 1965, Public Law 89-83, sec. 10, 79 Stat. 261; November 24, 1975, Public Law 94-131, sec. 10, 89 Stat. 692; September 24, 1984, Public Law 98-417, sec. 203, 98 Stat. 1603.)

\* \* \*

**§ 1491. Claim against United States generally; actions involving Tennessee Valley Authority**

(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States.

(2) To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records, and such orders may be issued to any appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment upon any claim by or against, or dispute with, a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

(3) To afford complete relief on any contract claim brought before the contract is awarded, the court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising this jurisdiction, the court shall give due regard to the interests of national defense and national security.

(b) Nothing herein shall be construed to give the United States Claims Court jurisdiction of any civil action within the exclusive jurisdiction of the Court of International Trade, or of any action against, or founded on conduct of, the Tennessee Valley Authority, or to amend or modify the provisions of the Tennessee Valley Authority Act of 1933 with respect to actions by or against the Authority.

(As amended July 28, 1953, c. 253, § 7, 67 Stat. 226; Sept. 3, 1954, c. 1263, § 44(a), (b), 68 Stat. 1242; July 23, 1970, Pub.L. 91-350, § 1(b), 84 Stat. 449; Aug. 29, 1972, Pub.L. 92-415, § 1, 86 Stat. 652; Nov. 1, 1978, Pub.L. 95-563, § 14(i), 92 Stat. 2391; Oct. 10, 1980, Pub.L. 96-417, Title V, § 509, 94 Stat. 1743; Apr. 2, 1982, Pub.L. 97-164, Title I, § 133(a), 96 Stat. 39.)

\* \* \*

